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The Honorable Mike Johanns
United States Secretary of Agriculture
1400 Independence Avenue, SW
Washington DC 20250-3355

RE: Federal Register 35221 Vol. 70, No. 116 – August 23, 2005 – Request for
Public Comments to be Used in Developing USDA Recommendations for the 2007
Farm Bill:

Dear Secretary Johanns,

National Farmers Organization (NFO) celebrates its 50th Anniversary this year. During the past half century, NFO has provided independent producers of grain, dairy and meat with marketing services for their production. NFO believes that producers jointly marketing is one of the best methods of preserving our independent farms and rural communities.

We appreciate this opportunity to provide input toward the development of the 2007 Farm Bill.

Question 1 How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Answer 1 This first question exemplifies the problem we face. U.S. farm policy is now driven to support global corporations rather than the farmers it was designed to serve. Our policy is rushing headlong to fight a war that is not worth fighting nor winning – a race to the bottom. Farm policy for two decades has been based on meeting the export demand yet our exports have not greatly expanded and the policy has brought havoc to thousands of independent farmers and millions of rural residents. To continue that policy or to turn even more of the nation's welfare and autonomy over to these unaccountable corporations and their minions in government has many shortcomings. It would:

- Put U.S. producers even more at the mercy of geopolitical gamesmanship.
- Make U.S. producers susceptible to not only weather at home but weather around the globe.
- Continue to allow U.S. Trade negotiators, with no allegiance to farmers, more influence over farm policy than the Secretary of Agriculture. They have traded away our ag markets, both domestic and foreign, in order to sell more U.S. movies, rap music, technology and arms. U.S. ag exports rarely go up but food imports certainly do.



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- U.S. Farm Policy is unnecessarily expensive, creating ill will toward American farmers.
- Continue dumping heavily subsidized U.S. farm products on third world markets, driving their farmers out of business and benefiting no one but giant corporations.

The question should be: How can farm policy maximize benefits to U.S. farmers and rural America.

***Question 2** How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?*

Answer 2 The welfare of U.S. farmers should be the first concern of our farm policy and not have farmer's welfare relegated to "Unintended Consequences". The attitude that farmers, their families, and their communities do not matter, which this questions implies, rightfully makes thousands of family farmers fear for the future.

In brief, we strongly believe that the best way to encourage new farmers, and ensure their survivability, is to provide them with farm policy that is economically sustainable. Give us the tools to support prices at a profitable level, manage stocks and bring production in line with demand and we can avoid such unintended consequences.

***Question 3** How should farm policy be designed to effectively and fairly distribute assistance to producers?*

Answer 3 One of the most difficult problems facing policy makers in writing a new farm bill is how to distribute the benefits. In many ways the pot of money is finite and the number of petitioners seems, at least, infinite. But, in order to pass a bill in Congress, agreements must be arrived at that seem balanced – by region, by commodity and by size of producer. We understand that both the payment cap and 3 entity rule may be targets for reform. NFO supports lower limitations on how much any individual producer can receive. However, we will strongly support the reauthorization of the sugar program which is so important to sugar beet growers as well as cane growers in other parts of the country.

Distribution of benefits is closely tied to what tools are provided to the producers to help manage and market their production. Also, producers should have government sponsored production control programs, storage assistance programs, as well as adequate non-recourse loans that will allow them to take advantage of market price movements.

The drafting of farm bills and then the administration of the policy requires a high level of knowledge of how the markets function. That is why our high government officials must be oriented on what is best for the people who actually produce the food.

Question 4 *How can farm policy best achieve conservation and environmental goals?*

Answer 4 Farmers tend to focus on conservation when they are having a good year and feel secure about the situation in the future. At these times, they are willing to make investments in soil and water conservation so long as there is government cost-sharing, technical assistance, and little fear of "Big Brother the Regulator" watching and gathering information. When commodity prices sky rocket, there is a tendency to plant fence row to fence row and put something away for the lean years. When times are bad and a farmer's back is against the wall he is forced to maximize his revenue and plant every acre and let the future take care of itself. The inherent need for husbandry of soil and water is one of the major principals of farm policy. Individual farmers simply do not have enough control over their financial lives to do the right thing consistently year after year, decade after decade. Thus we have another valid reason for price support programs to maintain farm income and encourage investment for the future and conservation programs to guide and help finance conservation practices.

Farm price support programs should offer enough economic stability that would allow farmers to invest in the cost of repairing and maintaining their farm land resources and the government should also invest in resource conservation directly through technical assistance and cost sharing. Fortunately the Congress has given the USDA a great package of conservation programs and tools. Among the excellent programs are CRP and its Buffer Initiative, CREP, CSP, the Watershed Program, the RC&D and each of these should have increased funding.

The Conservation Reserve Program is a hugely successful natural resource program and should be given permanent authorization in the next farm bill. It also should be adjusted to target those highly erodible or wet croplands in every state. Perhaps some state flexibility to remove barriers to participation would be appropriate. Practically every farm has a few acres that would be appropriate for CRP and bringing these in would make a major contribution to environmental protection.

Other goals for consideration include – an International Buffer Initiative on crop land around the world and its utilization could become a tool in trade negotiations and encouraging other countries to adopt CRP like programs especially those which are clearing rain forests for farm land which may not remain productive for an extended period of time.

Question 5 *How can Federal rural and farm programs provide effective assistance in rural areas?*

Answer 5 USDA's mandate for many decades has gone well beyond the farming industry. It has assisted rural electric and telephone delivery, financed rural water and sewer systems and given credit and grants to deserving rural businesses as well. Many of those areas of need continue at a high level and new challenges have arisen. Congress gave the Department authority to finance distance learning

and tele-medicine in 1990 and by most accounts the Department effort has not matured. Rural residents are falling further behind each year in access to broadband. Without it, business is stymied and personal initiative is handicapped. A development referred to as BPL – Broadband over Power Lines – is being tested, surrounded by great optimism. The Rural Utilities Service should have adequate authority to lead this technological parade into the future and if not, such authority should be requested in the farm bill, if not sooner.

Also, new enthusiasm is cropping up around some old ideas like wind energy, bio-energy and biomass. Let me remind you that early American farmers spent a large percent of their time and effort on energy production – they grew grain to feed horses and mules, they chopped wood for heat and cooking, they dammed streams for grinding power and they harvested the wind to pump water. Energy production is not new to farmers.

Question 6 How should agricultural product development, marketing and research-related issues be addressed in the next farm bill?

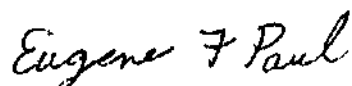
Answer 6 See above answer regarding BPL/Wind/Biomass.

The Department's dual research structure ARS/Land Grant Universities has strengths and weaknesses but the intellectual and political challenges it faces have never been more numerous or challenging. Just look at recent news paper headlines – BSE – Asian – Soybean Rust – Obesity – Avian Flu – Heart Disease – Cancer – Global Warming – Worldwide Water Shortage – Energy Supply and of course, GMO fears. Is anyone really coordinating the USDA's research funding strategy? Does agriculture get its fair share of federal research funding? Does the Agricultural Research Community get credit for its successes? Do corporate funders have too much influence on Ag's research effort?

In conclusion, we again compliment you and the Department of Agriculture for your foresight in provide these farm forums and your commitment to advance solid recommendations for the 2007 farm bill. We would also strongly suggest you solicit input on one more question in all future forums. That question should be "How do we increase farmer income and increase the producer's share of the retail food dollar? For isn't that a good part of what USDA and farm programs are all about?"

We stand ready to assist you in this critical endeavor to build a new farm bill.

Sincerely,



Eugene F. Paul
Policy Analyst



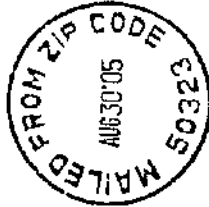
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